

## MBS INTERNATIONAL AIRPORT COMMISSION

March 16, 2017

### MINUTES

The meeting was held in the Eugene F. Gwizdala Conference Room, 8500 Garfield Road, Freeland, Michigan 48623. Greg Branch, Chairman, called the meeting to order at 1:31 p.m. Roll was called by Nicole Moses.

### COMMISSIONERS

#### Present

Tom Adams  
Greg Branch  
Tom Ryder  
Brad Gray  
Tom Herek  
Ernie Krygier  
Dave Keenan  
Tim Morales

#### Absent & Excused

Dennis Browning

#### Staff

Jeff Nagel  
Chris Sieklucki  
Amy Lusk  
Nicole Moses

#### Guest

David Joye-RS&H  
Randy Morse - AHP  
Angela Osmond - TSA

### PLEDGE OF ALLEGIANCE

Mr. Branch welcomed Mr. Dave Keenan as Midland Commissioner Jon Lynch's temporary replacement. Mr. Keenan has been assigned as the City of Midland's interim city manager and assigned to the MBS board until a permanent city manager is named.

MINUTES: Mr. Herek made a motion to approve the minutes of the Regular Commission Meeting held on February 16, 2017. Mr. Krygier seconded the motion. The motion was unanimously approved by the Board.

FEBRUARY 2017 WARRANTS AND CASH & INVESTMENT SUMMARIES: Mr. Krygier made a motion to approve the Warrant Registers for the February Payroll Advice Numbers 004628-004680 and the February Operations & Maintenance Check Numbers 045683-045733. Mr. Herek seconded the motion and the Board unanimously approved it. Mr. Adams made a motion to approve the February Cash and Investment Summaries. Mr. Gray seconded the motion and the Board unanimously approved them.

PUBLIC COMMENT: NONE

### 2016 FINANCIAL AUDIT

The Finance Committee met on Thursday, March 2, 2017 to review the audit and meet with the auditors. Randy Morse attended the meeting and is here today to present the audit and answer questions.

In 2016 the commission had operational income before depreciation, pension expense and post-retirement health expense, which continues to show improvement from the numerous years of operational losses. The commission continues to operate without local tax subsidy and without any financial contributions from the three owning municipalities.

Andrews Hooper also performs an audit of the Passenger Facility Charge program and this year MBS did require a Federal Award Supplement Audit (formerly the Single Audit) because the airport received over \$750,000 in federal AIP grants.

After the presentation to the Finance Committee, the committee voted to recommend that the audit be placed on the agenda for the March 16, 2017 commission meeting.

Mr. Morse from AHP presented the audit to the commission. Mr. Morse thanked the airport staff, in particular Ms. Moses for her work leading up to the audit. Mr. Morse explained that it was a clean opinion, there were no findings and no weaknesses in internal controls noted. AHP performed the finance audit, PFC audit and the federal project audit. Mr. Morse reviewed the financial statements and other highlights from the audits.

Mr. Krygier made a motion to receive the 2016 financial audit, the 2016 Federal Award Supplement Audit and 2016 Passenger Facility Charge program audit. Mr. Herek seconded the motion and the motion passed unanimously.

#### ADMINISTRATION BUILDING HVAC CONTRACT

MBS has had an agreement to maintain the HVAC equipment in the Administration Building since the building was first constructed. This contract covers all the required preventative maintenance, filter replacement and emergency repairs and service. The original contract was with Honeywell and was wrapped into the same contract with the old terminal. When the new terminal was built and opened, the admin building contract was split from the terminal building contract. Having two agreements (terminal and admin) has worked well since their scope of services differs. The current two-year agreement for the admin building expires at the end of March so staff reached out to Honeywell and to Johnson Controls to get bids for a new two-year agreement. The following prices were submitted:

	Honeywell	Johnson Controls
Year #1	\$13,162.68	\$15,200.00
Year #2	\$13,557.54	\$15,428.00

The Finance Committee met on March 2, 2017 and discussed this contract. Based on the bids provided and the past experience of Honeywell at MBS, the recommendation is to approve Honeywell for a new two-year contract.

Mr. Ryder made a motion to approve Honeywell for a two-year contract for Administration Building HVAC services at the above stated price. The motion shall also authorize the Chairman,

or in his absence the Vice Chairman, to sign the related documents. Mr. Herek seconded the motion and the motion passed unanimously.

#### DOW CHEMICAL LEASE AMENDMENT

MBS has a lease with Dow Chemical (hangar #5 and #6) and with Dow Corning (hangar #7) for general aviation hangars. When Dow Corning was acquired by Dow Chemical last year the two flight departments merged and Dow Chemical began using all three hangars. Dow Chemical has approached us with a request to lease some additional property between hangars #6 and #7 so they can construct a sidewalk between the two buildings. This would result in leasing an additional 1,536 square feet of property and adding that to the current Dow Chemical lease. The rate for this leased property would be \$.2060 per square foot which would result in additional revenue of approximately \$300 per year.

Eventually, the existing Dow Corning lease will be wrapped into the Dow Chemical lease; however, the request at this time is only for the additional land for the sidewalk.

Mr. Krygier made a motion to approve an amendment to the Dow Chemical hangar lease to add land for a sidewalk to connect hangar #6 and hangar #7. The motion should approve the Chairman, or in his absence the Vice Chairman, to sign the related documents after attorney review. Mr. Herek seconded the motion. The vote was 7 yeas, 0 neys and 1 abstention; motion carried. Mr. Gray abstained.

#### LYFT AGREEMENT

MBS was contacted by Lyft, one of the two nationwide transportation network carriers, concerning operating at the airport. For a commercial transportation company to pick up passengers at MBS, they require a permit and an agreement with the commission. The taxi/limo operators who stage at MBS all have agreements and pay \$700 per year. The way that Lyft and Uber operate, they do not need a designated parking space at MBS as they are contacted using an app on a smart phone and they pick up designated passengers. They do not wait at the airport for passengers.

Negotiations with Lyft have been ongoing for several weeks and Amy has been involved with reviewing proposed contract language. It appears that both sides, MBS and Lyft, have now agreed to the terms and conditions of an agreement. The cost for Lyft to operate at MBS will be \$1.50 per pick-up at the airport which will be tracked by a Lyft-installed geo-fence around MBS. This is similar to the method currently being used at Lansing airport. The geo-fence will also assist with keeping the Lyft drivers from loitering in front of MBS. If a driver is inside the geo-fence, the app will not allow them to be summoned for a ride.

The ride-sharing services are new territory for airports and MBS is experiencing what many other airports have already been through. The service is a benefit to the passengers as it expands into the Great Lakes Bay Region.

Mr. Adams made a motion to approve Lyft to operate at MBS and authorize the Airport Manager to sign the related documents after attorney review. The following are answers to a few of the

clarifications the board requested: Lyft would be able to advertise in the terminal and pay the same rates as any other advertiser if they chose to. MBS does not have control over the geo-fence. MBS would rely on Lyft to correctly report the number of rides for billing purposes. The geo-fence does not interfere with any other communications within the airport. Lansing Capital Airport has had a similar agreement with Lyft for more than one year and it has been functioning well. The agreement with MBS is non-exclusive, is a one year term and has a 30 day cancellation clause. Mr. Krygier seconded the motion and the motion passed unanimously.

#### OLD BUSINESS:

David Joye and Pat Frame from RS&H and the MBS staff worked hard at getting ready to accept bids for the 2017 AIP project for the 14/32 Runway crack and seal. The bids are due at the end of March.

#### NEW BUSINESS:

The Airport Manager attended the AAAE Great Lakes Chapter Winter Board Meeting in Grand Forks, North Dakota. Ryan Riesinger, former MBS Assistant Airport Manager is the current Airport Manager of the Grand Forks International Airport. Mr. Riesinger is doing well and enjoying his new role and the area.

TSA is receiving an AIT screening machine on March 22<sup>nd</sup> for the MBS terminal. TSA is planning a press release and media event for March 30<sup>th</sup>. Due to forward planning, the new terminal building is properly equipped to handle the equipment so there will be no additional expense to MBS for the installation. Additional utility costs derived from operating the new equipment will be the only expense incurred by MBS.

#### 2017 UPDATE ON UNION NEGOTIATIONS

An additional agenda item was added to today's meeting. The agenda item is a new number 12. This item is eligible for closed session. Mr. Krygier made a motion to enter into closed session. Mr. Ryder seconded the motion. The vote was 8 yeas and 0 nays; the motion carried.

Upon return from closed session, Mr. Herek made a motion to approve the manager's recommendation for the new union contract. Mr. Keenan seconded the motion and the motion passed unanimously.

The following are highlights from the Collective Bargaining Agreement presented during the closed session:

1. Term  
Three-year contract
2. Wages
  - a. \$1,500 lump sum upon ratification
  - b. 2% increase in April 2017
  - c. 2% increase in April 2018
  - d. 2% increase in April 2019

3. Health care  
The airport commission will continue to pay the State “hard cap” amounts and the employee will pay the difference
4. Premiums
  - a. \$.10 per hour increase for shift premium
  - b. \$.10 per hour increase for crew leader premium
  - c. \$.10 per hour increase for Lieutenant premium
5. Miscellaneous
  - a. Employer to provide a copy of the CBA to all current employees and a copy to all new employees
  - b. Uniforms damaged while an employee is on duty within the first two years of employment will be replaced by the employer
  - c. Certain Articles will be retitled
  - d. The dates will be changed to reflect the new three-year agreement
  - e. The index will be amended to reflect the changes

#### ADMINISTRATIVE MATTERS

Mr. Adams made a motion to assign Mr. Keenan to the Personnel Committee. Mr. Gray seconded the motion and the motion passed unanimously.

Next regular meeting is scheduled for April 20, 2017 at 1:30 p.m.

ADJOURNMENT: There being no further business, Mr. Krygier made a motion to adjourn. Mr. Herek seconded and the Board unanimously passed the motion. The meeting adjourned at 2:36 p.m.

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Ernie Krygier, Secretary